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February 17, 2004

The Honorable Bruce Duke
Executive Director
Public Service Commission of SC
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Joint Application of BellSouth BSE, Inc. and BellSouth Long Distance, Inc. for
Approval of Merger
Docket No.: _____

Dear Mr. Duke:

Enclosed for filing are the original and ten copies of the Joint Application of BellSouth BSE, Inc. ("BSE") and BellSouth Long Distance, Inc. ("BSLD") for Approval of Merger. Also enclosed are the original and ten copies of the Verified Direct Testimony of Mario L. Soto.

As explained in detail in the attached filings, BSE intends to merge into BSLD during the first half of 2004, and BSE and BSLD are asking the Commission to approve this merger. BSE intends to merge all of its assets, including without limitation its certificate of public convenience and necessity, into BSLD. BSLD acknowledges that BSE's certificate of convenience and public necessity regarding local exchange services that will be transferred and/or merged into BSLD is subject to and includes all of the terms and conditions of the Stipulation that BSE has signed with the South Carolina Telephone Coalition. BSLD, therefore, will honor the terms of this Stipulation after the merger is complete.

The primary purposes behind the proposed merger are customer satisfaction and efficiency. By merging BSE into BSLD, BellSouth will be better able to serve its customers' needs. Today, for example, if a customer wants a complete frame relay solution from BellSouth, it must contract with BSE for the local piece and with BSLD for the long distance portion. This can create customer confusion and potential administrative difficulties. With a merger of the two companies, a customer would be able to have just one contract for all of its frame relay needs, thereby avoiding these issues and leading to greater customer satisfaction. Additionally, the merging will create efficiencies by reducing the number of affiliate transactions that must be tracked and accounted for, by reducing the number of books that

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BellSouth will need to keep, and by reducing the number of regulatory filings that will need to be made in the various states.

Finally, this proposed corporate change is strictly *pro forma* and will not impact the provision of telecommunications services in South Carolina. There will be no change in the ultimate ownership, control or management or the day-to-day operations of the authorized carrier. Service will be provided using the same network, billing systems, and customer service operations used by BSE today. After the merger is complete, BSLD will provide current BSE customers with the services they are currently receiving from BSE pursuant to BSLD contracts and tariffs that offer such services under the same rates, terms and conditions. Current customers will receive notice of the merger, and they will see no change in the rates they pay or the terms and conditions under which they receive their service.

We appreciate the Commission's prompt consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick W. Turner", with a stylized flourish at the end.

Patrick W. Turner
Attorney representing BellSouth BSE, Inc. and
BellSouth Long Distance, Inc.

PWT/nml
Enclosure
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